

## Message Text

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ACTION IO-14

INFO OCT-01 ISO-00 AID-20 EB-11 IGA-02 AF-10 ARA-16 EA-11

EUR-25 NEA-14 RSC-01 OIC-04 CIAE-00 INR-10 NSAE-00

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R 202129Z MAY 74

FM USMISSION USUN NY

TO SECSTATE WASHDC 4168

C O N F I D E N T I A L USUN 1876

EO 11652: GDS

TAGS: EGEN, ECOSOC

SUBJECT: SELECTION OF MSA COUNTRIES

REF: (STATE 104051)

1. SINCE 6TH SPECIAL SESSION MIN-COUN HAS HAD DISUCSSIONS WITH SENIOR OFFICIALS IN SECRETARIAT, INCLUDING DELL AND TALWAR. FOR THE MOMENT, IT IS CLEAR THAT VIRTUALLY NO PROGRESS HAS BEEN MADE AT DEVELOPING A SPECIAL LIST OF COUNTRIES MOST SERIOUSLY AFFECTED. AT THE SAME TIME, THE CONCEPTUAL APPROACH TO THIS PROBLEM IS BEGINNING TO EMERGE.

2. ONE, THE IBRD LIST IS NOT INTENDED TO BE ALL INCLUSIVE. BASICALLY IT IS A LIST OF THOSE COUNTRIES WITH THE LARGEST DEFICITS BASED UPON A MINIMUM PER CAPITA INCOME OF \$500 PER ANNUM. ON THAT BASIS, THE BANK LIST WOULD ULTIMATELY EMBRACE 90 PERCENT OF THE DEFICIT TO BE FINANCED. THUS, A POLITICAL DECISION IS REQUIRED TO DETERMINE (A) HOW MUCH OF THIS 90 PERCENT DEFICIT IS TO BE FINANCED VIA PROGRAM ENVISIONED. AND, (B) WHETHER ANY EFFORT WILL BE DIRECTED TOWARD THE 10 PERCENT NOT INCLUDED IN THE BANK LIST.

3. SECOND, THE PRINCIPAL CRITERIA FOR EVOLVING THE ULTIMATE LIST WILL BE BASED UPON THE LEVEL OF ANNUAL INCOME SELECTED AS A POLITICAL FLOOR AND THE IMPACT OF RECENT EVENTS ON THE COUNTRIES' BALANCE OF PAYMENTS. BOTH TALWAR AND DELL AGREE THAT THE TASK OF RANKING COUNTRIES IS NOT

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TECHNICALLY DIFFICULT ON AN EXPORT TO EXPORT BASIS.

NEVERTHELESS, THE QUESTION OF RANKING AS BETWEEN COUNTRIES WITH VASTLY DIFFERING ORDERS OF FINANCIAL REQUIREMENTS WILL BE POLITICALLY CHARGED. FOR EXAMPLE, WHILE JUTE AND TEA PRODUCERS HAVE BEEN VIRTUALLY UNTOUCHED BY THE BOOM IN COMMODITY PRICES IT DOES NOT NECESSARILY FOLLOW THAT THEY WILL ACHIEVE POLITICAL PRIORITY OVER OTHER COUNTRIES WHO HAVE FARED SOMEWHAT BETTER IN TOTAL TRADE TERMS.

4. AS THE SITUATION NOW STANDS, AND IN THE ABSENCE OF AN INTER-GOVERNMENTAL MACHINERY, THESE ARE THE DIFFICULT DECISIONS WHICH LIE AHEAD FOR RAUL PREBISCH AND ULTIMATELY THE SYG.

5. WE CONCLUDE THAT ANY LISTS PRESENTED WILL BE HEAVILY CONDITIONED BY THE AFOREMENTIONED POLITICAL CONSIDERATIONS. ULTIMATELY NATIONAL GOVERNMENTS WILL HAVE TO DECIDE WHERE THEY INTRODUCE EMERGENCY MEASURES WITHIN THE PARAMETERS.  
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## Message Attributes

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